PGE Polska Grupa Energetyczna S.A.

Condensed interim separate financial statements prepared in accordance with International Financial Reporting Standards for the 3-month period ended March 31, 2013.

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Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

STATEMENT OF COMPREHENSIVE INCOME

	Note	Period ended March 31, 2013 (not audited)	Period ended March 31, 2012 (not audited)
Continuing operations			
Revenues from sale of products and merchandise		3,266,980	2,741,159
Revenues from services rendered		140,268	67,024
Revenues from rent		2,625	2,117
Total sales revenue		**3,409,873**	**2,810,300**
Costs of goods sold	**8**	(3,123,414)	(2.724.966)
Gross profit on sales		**286,459**	**85,334**
Other operating revenues	**8**	2,982	40,422
Distribution and selling expenses	**8**	(4,939)	(3,955)
General and administrative expenses	**8**	(34,526)	(28,952)
Other operating expenses	**8**	(885)	(19,748)
Profit from operations		**249,091**	**73,101**
Financial revenues	**8**	91,097	159,401
Financial expenses	**8**	(9,583)	(34,094)
Profit before tax		**330,605**	**198,408**
Corporate income tax	**10**	(60,746)	(34,140)
Net profit from continuing operations		**269,859**	**164,268**
Net profit for the operating period		**269,859**	**164,268**
OTHER COMPREHENSIVE INCOME:			
Valuation of available-for-sale financial assets		-	472
Other comprehensive income for the period, net		**-**	**472**
TOTAL COMPREHENSIVE INCOME		**269,859**	**164,740**
Earnings per share			
– basic earnings per share for the period		0.14	0.09
– basic earnings from continuing operations		0.14	0.09

*) For information regarding comparative figures please refer to Note 6 of these financial statements.

Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

STATEMENT OF FINANCIAL POSITION

	Note	As at March 31, 2013 (not audited)	As at December 31, 2012 (audited)	As at March 31, 2012 (not audited) *data restated*
Non-current assets				
Property, plant and equipment		202,335	203,673	212,072
Intangible assets		6,507	6,687	16,617
Loans and receivables	**13**	4,669,674	3,627,204	4,449,516
Shares in subsidiaries	**13**	23,253,282	23,163,156	22,591,397
Available-for-sale financial assets	**13**	3,135	3,135	70,557
Other long-term assets		2	-	16,984
Deferred tax asset	**11**			
Total non-current assets		**28,134,935**	**27,003,855**	**27,357,143**
Current assets				
Inventories		391,383	505,525	79,781
Income tax receivables		18,556	-	-
Shares in subsidiaries	**13**	1,598	25,477	406,201
Short-term financial assets at fair value through profit or loss	**13**	2,750	5,526	-
Trade receivables	**13**	773,629	739,278	527,476
Other loans and financial assets	**13**	202,436	1,086,547	2,779,804
Available-for-sale short-term financial assets	**13**	36,717	36,717	36,717
Other current assets		11,592	34,351	92,380
Cash and cash equivalents	**13**	879,269	953,282	2,120,651
Assets classified as held for sale		-	-	-
Total current assets		**2,317,930**	**3,386,703**	**6,043,010**
TOTAL ASSETS		**30,452,865**	**30,390,558**	**33,400,153**

*) For information regarding comparative figures please refer to Note 6 of these financial statements.

Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

STATEMENT OF FINANCIAL POSITION

	Note	As at March 31, 2013 (not audited)	As at December 31, 2012 (audited)	As at March 31, 2012 (not audited) *data restated*
Equity				
Share capital		18,697,608	18,697,608	18,697,837
Revaluation reserve		-	-	(304)
Treasury shares		-	-	(229)
Reserve capital		9,687,596	9,687,596	8,553,142
Other capital reserves		49,779	49,779	49,779
Retained earnings		1,131,704	861,551	4,799,659
Total equity		**29,566,687**	**29,296,534**	**32,099,884**
Long-term liabilities				
Provisions	**16**	22,195	22,201	18,604
Deferred tax liability	**11**	60,819	66,242	34,154
Total long-term liabilities		**83,014**	**88,443**	**52,758**
Short-term liabilities				
Trade liabilities	**18**	**377,381**	**478,992**	**416,545**
Interest-bearing loans, borrowings, bonds and lease		-	142,785	-
Other short-term financial liabilities	**18**	4,671	4,048	3,599
Short-term financial liabilities at fair value through profit or loss	**16**	1,704	148	6
Other short-term non-financial liabilities		163,646	46,657	65,680
Income tax liability		-	69,615	338,721
Deferred income		36,964	36,172	31
Short-term provisions	**16**	218,798	227,164	422,929
Total short-term liabilities		**803,164**	**1,005,581**	**1,247,511**
Total liabilities		**886,178**	**1,094,024**	**1,300,269**
TOTAL LIABILITIES AND EQUITY		**30,452,865**	**30,390,558**	**33,400,153**

*) For information regarding comparative figures please refer to Note 6 of these financial statements.

Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

STATEMENT OF CHANGES IN EQUITY

for the period ended March 31, 2013 (not audited)

	Share capital	Revaluation reserve	Treasury shares	Reserve capital	Other capital reserves	Retained earnings	Total
As at January 1, 2013	**18,697,608**	**-**	**-**	**9,687,596**	**49,779**	**861,551**	**29,296,534**
Profit for the period	-	-	-	-	-	269,858	269,858
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	**269,858**	**269,858**
Retained earnings distribution	-	-	-	-	-	-	-
Redemption of treasury shares	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-
Adjustment of payment from the profit	-	-	-	-	-	295	295
As at March 31, 2013	**18,697,608**	-	-	**9,687,596**	**49,779**	**1,131,704**	**29,566,687**

Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2012

	Share capital	Revaluation reserve	Treasury shares	Reserve capital	Other capital reserves	Retained earnings	Total
As at January 1, 2012	**18,697,837**	**(776)**	**(229)**	**8,553,142**	**49,779**	**4,635,391**	**31,935,144**
Profit for the year	-	-	-	-	-	783,998	783,998
Other comprehensive income	-	-	-	-	-	(1,913)	(1,137)
Total comprehensive income for the year	**-**	**776**	**-**	**-**	**-**	**782,085**	**782,861**
Redemption of treasury shares	-229		229	-	-	-	-
Retained earnings distribution	-	-	-	1,134,454	-	(1,134,454)	-
Dividend	-	-	-	-	-	(3,421,471)	(3,421,471)
As at December 31, 2012	**18,697,608**	**-**	**-**	**9,687,596**	**49,779**	**861,551**	**29,296,534**

Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

STATEMENT OF CHANGES IN EQUITY

for the period ended March 31, 2012 (not audited)

*(comparable data)**	Share capital	Revaluation reserve	Treasury shares	Reserve capital	Other capital reserves	Retained earnings	Total
As at January 1, 2012	**18,697,837**	**(776)**	**(229)**	**8,553,142**	**49,779**	**4,635,391**	**31,935,144**
Profit for the period	-	-	-	-	-	164,268	164,268
Other comprehensive income	-	472	-	-	-		472
Total comprehensive income for the period	**-**	**472**	**-**	**-**	**-**	**164,268**	**164,740**
Retained earnings distribution	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	-
As at March 31, 2012	**18,697,837**	**(304)**	**(229)**	**8,553,142**	**49,779**	**4,799,659**	**32,099,884**

*) For information regarding comparative figures please refer to Note 6 of these financial statements.

Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

STATEMENT OF CASH FLOWS

	Period ended March 31, 2013 (not audited)	Period ended March 31, 2012 (not audited)
Cash flow from operating activities		
Profit before tax related to continuing operations	**330,605**	**198,408**
Adjustments for:		
Depreciation and amortization	3,596	4,963
Interest and dividend, net	(68,756)	(126,029)
Profit/ loss on investment activities	245	(19,978)
Change in receivables	(75,666)	76,076
Change in inventories	114,142	(47,313)
Change in liabilities, excluding loans and bank credits	(34,493)	14,702
Change in prepayments and other non-financial assets	51,525	(3,415)
Change in provisions	(8,373)	(16,894)
Income tax paid	(101,575)	(11,006)
Other	(5,515)	29,506
Net cash from operating activities	**205,735**	**99,020**
Cash flow from investing activities		
Disposal of property, plant and equipment and intangible assets	8,586	360
Purchase of property, plant and equipment and intangible assets	(2,774)	(2,162)
Disposal of financial assets	8,728,147	3,537,916
Purchase of financial assets	(8,959,511)	(2,621,845)
Dividends received		3,048
Interest received	92,053	79,550
Loans repaid	-	647
Loans granted	(1,400)	-
Other		
Net cash from investing activities	**(134,899)**	**997,514**
Cash flow from financing activities		
Proceeds from loans, bank credits and issue of bonds		
Repayment of loans, bank credits, bonds and finance lease	(142,785)	-
Dividends paid		
Interest paid	(494)	(1.348)
Other	(1,304)	-
Net cash flow from financing activities	**(144,583)**	**(1,348)**
Net change of cash and cash equivalents	**(73,747)**	**1,095,186**
Effect of foreign exchange rate changes	(193)	(726)
Cash and cash equivalents at the beginning of the period	**952,994**	**1,018,204**
Cash and cash equivalents at the end of period	**879,247**	**2,113,390**

1. General information

PGE Polska Grupa Energetyczna S.A. ("Company", "PGE S.A.") was founded on the basis of the Notary Deed of 2 August 1990 and registered in the District Court in Warsaw, XVI Commercial Department on 28 September 1990. The Company was registered in the National Court Register of the District Court for the capital city of Warsaw, XII Commercial Department, under no. KRS 0000059307.

Company is seated in Warsaw, Mysia Street 2.

Company PGE S.A. is the Parent Company of PGE Capital Group ("PGE CG", "PGE Group") and prepares consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS").

Company's controlling entity is the State Treasury.

Core operations of the Company comprise:

- activities of central and holding companies, excluding financial holdings,
- activities of financial holdings,
- guidance over effectiveness management,
- rendering of other services related to the above mentioned activities,
- sale of electricity.

Business activities are conducted under appropriate concessions.

These condensed interim separate financial statements have been prepared for the period started January 1, 2013 and ended March 31, 2013 ("financial statements").

2. The composition of the Management Board

As at January 1, 2013 the composition of the Management Board was as follows:

- Mr. Krzysztof Kilian – the President of the Management Board,
- Mrs. Bogusława Matuszewska – the Vice-President of the Management Board,
- Mr. Wojciech Ostrowski – the Vice-President of the Management Board,
- Mr. Paweł Smoleń – the Vice-President of the Management Board,
- Mr. Piotr Szymanek – the Vice-President of the Management Board.

In the reporting period and until the date of the foregoing financial statements no changes took place in the composition of the Management Board.

3. The basis for the preparation of the financial statements

3.1 Statement of compliance

These financial statements of PGE Polska Grupa Energetyczna S.A. were prepared in accordance with International Accounting Standard 34 Interim financial reporting, in accordance with International Accounting Standards, which regard interim financial reporting as adopted by the European Union, published and effective during the period of preparation of these financial statements and in the scope required under the Minister of Finance Regulation of February 19, 2009 on current and periodic information provided by issuers of securities and conditions of recognition as equivalent information required by the law of a non-Member State (Official Journal no. 33, item 259) (“Regulation”).

International Financial Reporting Standards (“IFRS”) include standards and interpretations accepted by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Standards Interpretations Committee (IFRIC).

These financial statements are prepared based on the same accounting policy and methods of computation as compared with the most recent annual financial statements. Financial statements are to be read together with the audited separate financial statements of PGE Polska Grupa Energetyczna S.A. prepared in accordance with IFRS for the year ended December 31, 2012.

3.2 General rules of preparation

These financial statements were prepared under the assumption that the Company will continue to operate as a going concern in the foreseeable future. As at the date of preparation of these financial statements, there is no evidence indicating that the Company will not be able to continue its operations as a going concern.

Due to the reporting obligations resulting from listing of PGE Polska Grupa Energetyczna S.A.’s shares, the Management Board of the Company made a decision to implement the International Financial Reporting Standards (“IFRS”) approved by the European Union (“EU”). The first financial statements of PGE Polska Grupa Energetyczna S.A., which included the unconditional statement of compliance with the IFRS adopted by the EU was the financial statement for the year ended December 31, 2011.

4. Presentation currency

The financial statements are presented in Polish Zloty („PLN") and all amounts are in PLN thousand, unless indicated otherwise.

The following exchange rates were applied to valuation of positions of the statement of financial position:

	March 31, 2013	December 31, 2012	March 31, 2012
USD	3.2590	3.0996	3.1191
EURO	4.1774	4.0882	4.1616

5. New standards and interpretations published, not yet effective

The following standards, changes in already effective standards and interpretations are not approved by the European Union and are not effective as at January 1, 2013:

- IFRS 9 *Financial Instruments* (with amendments) – effective for the periods starting January 1, 2015.
- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of interests in other entities* and IAS 27 *Separate financial statements* (issues related to investments in entities) – effective for the periods starting January 1, 2014.

The following standards, changes in already effective standards and interpretations are approved by the European Union but are not effective as at January 1, 2013:

- Amendments to IAS 32 *Financial Instruments: Presentation* – effective for the periods starting January 1, 2014.
- IFRS 10 *Consolidated Financial Statements* – effective for the periods starting January 1, 2014.
- IFRS 11 *Joint Agreements* – effective for the periods starting January 1, 2014.
- IFRS 12 *Disclosure of Interests in Other Entities* – effective for the periods starting January 1, 2014.
- Amended IAS 27 *Separate Financial Statements* – effective for the periods starting January 1, 2014.
- Amended IAS 28 *Investments in Associates and Joint Ventures* – effective for the periods starting January 1, 2014.

The influence of new regulations on future financial statements of the Company

The new IFRS 9 introduces fundamental changes to classifying, presenting and measuring of financial instruments. These changes will possibly have material influence on future financial statements of the Company. At the date of preparation of these financial statements IFRS 9 is not yet approved by the European Union and as a result its impact on the future financial statements of PGE S.A. is not yet determined.

Other standards and their changes should have no significant impact on future financial statements of the Company.

Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

6. Restated comparative data

In 2012 PGE S.A. changed the principles (accounting policy) concerning valuation of shares and stocks in subsidiaries, jointly controlled entities and associates. Under the previous accounting policy, these assets were presented in the separate financial statements as assets available for sale and carried in accordance with IAS 39; consequently, the Company was unable to reverse the impairment adjustments of these assets. After updating the accounting policy, the Company values these assets according to IAS 27, i.e. at historical cost of acquisition. As a result of a change of policy, PGE S.A. reversed the impairment loss on the values of shares in two subsidiaries: Exatel S.A. and PGE Systemy S.A. Because the impairment triggers of these assets have disappeared in the preceding years, an adjustment has been made as at the beginning of the comparable period.

Therefore, the Company restated the data presented in the comparable statement of financial position and statement of changes in equity. This restatement is presented in the following tables. Information presented in other notes to these financial statements has also been restated accordingly.

STATEMENT OF FINANCIAL POSITION

	As at March 31, 2012 (not audited) *published data*	**Change in valuation of shares**	**As at March 31, 2012 (not audited)** *data restated*
Non-current assets			
Property, plant and equipment	212,072	-	212,072
Intangible assets	16,617	-	16,617
Loans and receivables	4,449,516	-	4,449,516
Shares in subsidiaries	22,590,895	502	22,591,397
Available-for-sale financial assets	70,557	-	70,557
Other long-term assets	16,984	-	16,984
Deferred tax assets	1,628	(1,628)	-
Total non-current assets	**27,358,269**	**(1,126)**	**27,357,143**
Current assets			
Inventories	79,781	-	79,781
Income tax receivables	-	-	
Shares in subsidiaries	217,877	188,324	406,201
Trade receivables	527,476	-	527,476
Other loans and financial assets	2,779,804	-	2,779,804
Available-for-sale short-term financial assets	36,717	-	36,717
Other current assets	92,380	-	92,380
Cash and cash equivalents	2,120,651	-	2,120,651
Assets classified as held for sale			
Total current assets	**5,854,686**	**188,324**	**6,043,010**
TOTAL ASSETS	**33,212,955**	**187,198**	**33,400,153**

Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

STATEMENT OF FINANCIAL POSITION

	As at March 31, 2012 (not audited) published data	Change in valuation of shares	As at March 31, 2012 (not audited) data restated
Equity			
Share capital	18,697,837	-	18,697,837
Revaluation reserve	(304)	-	(304)
Treasury shares	(229)	-	(229)
Reserve capital	8,553,142	-	8,553,142
Other capital reserves	49,779	-	49,779
Retained earnings	4,646,615	153,044	4,799,659
Total equity	**31,946,840**	**153,044**	**32,099,884**
Long-term liabilities			
Deferred tax liabilities	-	34,154	34,154
Provisions	18,604	-	18,604
Total long-term liabilities	**18,604**	**34,154**	**52,758**
Short-term liabilities			
Trade liabilities	416,545	-	416,545
Interest-bearing loans, borrowings, bonds and lease	-	-	-
Other short-term financial liabilities	3,599	-	3,599
Short-term financial liabilities at fair value through profit or loss	6	-	6
Other short-term non-financial liabilities	65,680	-	65,680
Income tax liabilities	338,721	-	338,721
Deferred income	31	-	31
Short-term provisions	422,929	-	422,929
Total short-term liabilities	**1,247,511**	**-**	**1,247,511**
Total liabilities	**1,266,115**	**34,154**	**1,300,269**
TOTAL LIABILITIES AND EQUITY	**33,212,955**	**187,198**	**33,400,153**

Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

7. Change of estimates

In the period covered by the financial statements no significant changes to estimates influencing the figures presented in the financial statement took place. As it is presented in Note 16 the Company updated the value of provisions presented in the statement of financial position.

8. Revenues and expenses

8.1 Costs by type and functions

	3-month period ended March 31, 2013	3-month period ended March 31, 2012
Cost by type		
Depreciation/amortization	3,596	4,963
Materials and energy	1,021	830
External services	10,186	8,897
Taxes and charges	2,990	2,481
Personnel expenses	21,183	16,195
Other costs by type	21,354	20,867
Total costs by type	**60,330**	**54,233**
Distribution and selling expenses	(4,939)	(3,955)
General and administrative expenses	(34,526)	(28,952)
Cost of merchandise and materials sold	3,102,549	2,703,640
Cost of goods sold	**3,123,414**	**2,724,966**

Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

8.2 Other operating revenues

	3-month period ended March 31, 2013	3-month period ended March 31, 2012
Profit on disposal of property, plant and equipment	8	-
Reversal of impairment allowance for receivables	-	21
Provisions reversed	2,122	20,837
Compensations, penalties and fines received	1	18,883
Grants received	278	453
Taxes refunded	-	225
Reversal of revaluation write offs on other assets	570	-
Other	3	3
Total other operating revenues	**2,982**	**40,422**

In the comparable period the revenues from provisions reversal are related mainly to the litigation with Alpiq Holding, described in Note 17.2 of these financial statements and compensation, penalties and fines accrued result mainly from the Company's claims toward third parties on the coal trading market. Due to the nature of claim, the receivables were covered by impairment allowance, recognized in other operating expenses.

8.3 Other operating expenses

	3-month period ended March 31, 2013	3-month period ended March 31, 2012
Impairment allowance raised for receivables	-	18,745
Loss on disposal of non-current assets	-	2
Compensations paid	150	-
Donations granted	-	1,000
Court fees paid	727	-
Scrapping of non-current assets	1	-
Other	7	-
Total other operating expenses	**885**	**19,748**

Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

8.4 Financial revenues

	3-month period ended March 31, 2013	3-month period ended March 31, 2013
Financial revenue from financial instruments	**87,110**	**156,996**
Dividends	-	-
Interest income	75,752	135,991
Revaluation / Reversal of impairment allowance	2,922	-
Profit on disposal of investments	-	19,980
Exchange gains	8,436	1,025
Other financial revenues	**3,987**	**3,430**
Provision reversed	3,985	3,417
Interest on statutory receivables	-	13
Other	2	-
Total financial revenues	**91,097**	**160,426**

The Company presents revenues from interests of bonds issued by subsidiaries and cash allocation. Profit on disposal of investments refers primarily to disposal of minority interest in Towarowa Giełda Energii S.A.

8.5 Financial expenses

	3-month period ended March 31, 2013	3-month period ended March 31, 2013
Financial expenses from financial instruments	**9,340**	**30,451**
Interest expenses	1,859	1,290
Revaluation	7,229	6
Loss on disposal of investments	252	-
Exchange losses	-	29,155
Other financial expenses	**243**	**4,668**
Interest expenses (including the effect of discount unwinding)	241	4,668
Interest paid relating to statutory liabilities	2	-
Total financial expenses	**9,583**	**35,119**

Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

9. Impairment allowances of assets – recognition and reversal

	3-month period ended March 31, 2013	3-month period ended March 31, 2012
Impairment allowances of inventories		
- impairment allowance raised	-	1 330
- impairment allowance reversed	164	-

Allowance of inventories recognized by the Company relates primarily to valuation of greenhouse gas emission rights.

10. Income tax

Income tax disclosed in the statement of comprehensive income	3-month period ended March 31, 2013	3-month period ended March 31, 2012
Current income tax	66,168	31,552
Deferred income tax	(5,422)	2,588
Total	60,746	34,140

Moreover, the Company recognized in other comprehensive income a deferred tax liability of PLN 110 thousand in the period ended March 31, 2012.

Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

11. Deferred tax asset and liability

Components of deferred tax asset	As at March 31, 2013	As at December 31, 2012
Current period costs not realized for tax purpose	-	180
Provisions for employee benefits	4 629	4,585
Accruals for employee bonuses	2,358	2,968
Difference between tax value and carrying amount of financial assets	-	-
Difference between tax value and carrying amount of financial liabilities	522	28
Difference between tax value and carrying amount of inventories	74	106
Payroll and other employee benefits	1,976	-
Other provisions	26	616
Other	439	238
Gross deferred tax asset	**10,024**	**8,721**
Revaluation write off on tax asset	**-**	**-**
Net deferred tax asset	**10,024**	**8,721**

Components of deferred tax liability	As at March 31, 2013	As at December 31, 2012
Difference between tax value and carrying amount of property, plant and equipment	25,988	26,307
Accrued interest on deposits, loans granted, bonds and receivables	44,531	47,606
Difference between tax value and carrying amount of financial liabilities	324	1,050
Other	-	-
Deferred tax liability	**70,843**	**74,963**
After compensation of balances the Company's deferred tax is presented as:		
deferred tax asset	**-**	**-**
deferred tax liability	**60,819**	**66,242**

12. Property, plant and equipment

In the reporting period the Company has not made any significant acquisition or disposal of property, plant and equipment.

Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

13. Financial assets

	Carrying amount					
	March 31, 2013			December 31, 2012		
Categories and classes of financial assets:	**Long-term**	**Short-term**	**Total**	**Long-term**	**Short-term**	**Total**
Loans and receivables, including:						
(i) Trade receivables	-	773,629	773,629	-	739,278	739,278
(ii) Deposits and investments						
(iii) Other financial loans and receivables	4,669,674	202,436	4,872,110	3,627,204	1,086,547	4,713,751
▪ Bonds, bill and notes receivable acquired	4,669,674	114,151	4,783,825	3,627,204	1,032,402	4,659,606
▪ Originated loans	-	1,403	1,403	-	-	-
▪ Other financial receivables	-	86,882	86,881	-	54,145	54,145
Total loans and receivables:	**4,669,674**	**976,065**	**5,645,739**	**3,627,204**	**1,825,825**	**5,453,029**
Shares in subsidiaries	**23 253 282**	**1,598**	**23,254,880**	**23,163,156**	**25,477**	**23,188,633**
Financial assets at fair value through profit or loss	**-**	**2,750**	**2,750**	**-**	**-**	**-**
Available-for-sale financial assets, including:						
(i) Shares in entities not quoted on active markets	3,135	36,717	39,852	3,135	36,717	39,852
(ii) Shares quoted on active markets	-	-	-	-	-	-
Total available-for-sale financial assets:	**3,135**	**36,717**	**39,852**	**3,135**	**36,717**	**39,852**
Cash and cash equivalents	**-**	**879,269**	**879,269**	**-**	**953,282**	**953,282**

Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

13.1 Trade receivables

Trade receivables relate primarily to the sale of electricity and coal to related parties of the PGE Capital Group. As at March 31, 2013 the balance of three biggest customers, i.e. PGE Obrót S.A., PGE Górnictwo i Energetyka Konwencjonalna S.A. and PGE Dystrybucja S.A. constituted 68% of the balance of trade receivables.

13.2 Loans and receivables, including acquired bonds, bill and notes

As at March 31, 2013	Long-term	Short-term
Bonds issued by PGE Górnictwo i Energetyka Konwencjonalna S.A.	3,488,581	113,603
Bonds issued by PGE Energia Odnawialna S.A.	845,156	548
Bonds issued by Autostrada Wielkopolska S.A.	335,937	-
Loan granted to PGE Gubin sp. z o.o.	-	1,403
Deposits	-	61,501
Other	-	25,381
Total	**4,669,674**	**202,436**

Bonds issued by companies from PGE Capital Group

PGE S.A. acquires bonds issued by companies of the PGE Capital Group. The funds obtained from issuing of bonds are used to finance investments, repay financial liabilities secured by assignment of long-term power and electricity sales agreements and to finance the current activities. The bonds bear interest based on WIBOR (1M, 3M, 6M) plus a margin.

13.3 Shares in subsidiaries

As at March 31, 2013	Long-term	Short-term
PGE Górnictwo i Energetyka Konwencjonalna S.A.	14,482,982	-
PGE Obrót S.A.	6,653,034	-
PGE Dystrybucja S.A.	949,949	-
PGE Energia Odnawialna S.A.	414,989	-
Exatel S.A.	427,885	-
PGE Systemy S.A.	125,002	-
PGE Energia Jądrowa S.A.	113,500	-
PGE EJ 1 sp. z o.o.	54,390	-
PGE Dom Maklerski S.A.	16,501	-
PGE Trading GmbH	13,990	-
Electra Bohemia s.r.o./Czech Republic/	-	1,598
PGE Inwest sp. z o.o.	1,050	-
PGE Foundation „Energia z serca”	10	-
Total	**23,253,282**	**1,598**

Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

13.4 Shares in entities not quoted on active markets

As at March 31, 2013	Long-term	Short-term
Shares in jointly controlled entities		
Energopomiar Sp. z o.o.	3,135	-
Shares in associates		
Swe-Pol Link AB	-	36,717
Total	**3,135**	**36,717**

14. Share capital

	As at March 31, 2013	As at December 31, 2012
Number of Series A ordinary Shares with a nominal value of 10 PLN each	1,470,576,500	1,470,576,500
Number of Series B ordinary Shares with a nominal value of 10 PLN each	259,513,500	259,513,500
Number of Series C ordinary Shares with a nominal value of 10 PLN each	73,228,888	73,228,888
Number of Series D ordinary Shares with a nominal value of 10 PLN each	66,441,941	66,441,941
Total number of shares	**1,869,760,829**	**1,869,760,829**

All shares of the Company are paid up.

Ownership structure of the Company as at the balance sheet dates.

	State Treasury	Other Shareholders	Total
As at January 1, 2013	**61.89%**	**38.11%**	**100.00%**
As at March 31, 2013	**61.89%**	**38.11%**	**100.00%**

The ownership structure as at balance sheet dates was prepared on the basis of data available to the Company.

After the balance sheet data until the date of these financial statements the value of the share capital of the Company has not changed.

14.1 Earnings per share

Basic earnings per share shall be calculated by dividing profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

An entity shall calculate diluted earnings per share by dividing profit or loss attributable to ordinary equity holders of the Company (after deduction of interest on redeemable convertible preference shares) by the weighted average number of shares outstanding during the period (adjusted by the number of dilutive options or dilutive redeemable convertible preference shares).

Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

15. Dividends paid and dividends declared

	Dividends paid or declared from the profit for the period/ year ended		
	March 31, 2013	**December 31, 2012**	**December 31, 2011**
Cash dividends from ordinary Shares			
Dividend paid from retained earnings	-	-	3,421,662
Total cash dividends from ordinary shares	**-**	**-**	**3,421,662**
Cash dividends per share (in PLN)	-	-	1.83

Dividend from the profit for 2012

These financial statements were prepared before distribution of profit for the year ended December 31, 2012 and approval of the amount of the dividend

The Management Board of the Company recommends a dividend at a level of 50% of the net profit attributable to the equity holders of the parent, reported in the consolidated financial statements for the year ended December 31, 2012, i.e. PLN 1,607,994 thousand (what means PLN 0.86 per share). Whole profit recognized in the standalone financial statements and appropriate part of reserve capital will be allocated for the dividend.

Dividend from the profit for the period ended March 31, 2013

During the reporting period and until the date of preparation of these financial statements, the Company did not make any interim dividend payments.

Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

16. Provisions

Period ended March 31, 2013	Post-employment benefits	Provisions for jubilee benefits	Provisions for third parties claims	Provisions for employee claims, including provisions for bonuses	Provisions for certificates of origin held for redemption	Other provisions	Total
As at January 1, 2013	**20,351**	**3,783**	**206,158**	**15,623**	**206**	**3,244**	**249,365**
Costs of present employment	102	78	-	-	-	-	180
Benefits paid	(24)	(170)	-	-	-	-	(194)
Costs of past employment	-	-	-	-	-	-	
Interest costs	204	38	-	-	-	-	242
Created during the year	-	-	-	5,422	43	540	6,005
Reversed	-	-	(6,107)	-	(206)	-	(6,313)
Used	-	-	(6,274)	(1,974)	-	(44)	(8,292)
As at March 31, 2013	**20,633**	**3,729**	**193,777**	**19,071**	**43**	**3,740**	**240,993**
Short-term as at March 31, 2013	1,397	770	193,777	19,071	43	3,740	218,798
Long-term as at March 31, 2013	19,236	2,959	-	-	-	-	22,195

Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

Period ended December 31, 2012	Post-employment benefits	Provisions for jubilee benefits	Provisions for third parties claims	Provisions for employee claims, including provisions for bonuses	Provisions for certificates of origin held for redemption	Other provisions	Total
As at January 1, 2012	**17,658**	**3,411**	**410,799**	**10,520**	**225**	**15,814**	**458,427**
Costs of present employment	365	267	-	-	-	-	632
Actuarial gains and losses excluding discount rate adjustment	(751)	573	-	-	-	-	(178)
Benefits paid	(1,260)	(1,005)	-	-	-	-	(2,265)
Costs of past employment		-	-	-	-	-	
Discount rate adjustment	3,113	362	-	-	-	-	3,475
Interest costs	996	175		-	-	-	1,171
Created during the year	-	-	-	21,449	206	2,248	23,904
Reversed	-	-	(204,642)	-	(225)	(13,161)	(218,028)
Used	-	-	-	(16,346)	-	(1,657)	(18,003)
Other changes	230	-	-	-	-	-	230
As at December 31, 2012	**20,351**	**3,783**	**206,158**	**15,623**	**206**	**3,244**	**249,365**
Short-term as at December 31, 2012	1,284	649	206,158	15,623	206	3,244	227,164
Long-term as at December 31, 2012	19,067	3,134	-	-	-	-	22,201

16.1 Provisions for post employments benefits and jubilee benefits

The value of provisions disclosed in the financial statements is calculated on the ground of the forecast prepared by the independent actuary.

According to the corporate system of remuneration the employees of the Company are entitled to jubilee awards. These awards are paid after an employee has worked a specified period of time. The amount of awards paid depends on the period of employment and the average remuneration of the employee. The entity recognizes a provision for future obligations relevant to jubilee awards in order to assign costs to the periods they refer to. The value of the provision for jubilee benefits recognized in the financial statements is calculated on the ground of the forecast prepared by an independent actuary.

16.2 Provisions for third-party claims

Provision for dispute related to the contract with ATEL (Alpiq Holding AG)

Company revised the provision for the contractual claim from ATEL (presently Alpiq Holding (AG).The dispute is described in Note 17.2 to these financial statements.

Provision for claims relating to damage resulted from the failure of the CSTE system

The Company raised a provision for claims from contractors relating to damage resulted from the failure of the CSTE (Central System of Trading Electricity), which is provided to PGE Group companies. As at March 31, 2013 the provision amounted to PLN 2,467 thousand.

16.3 Provisions for employee bonuses and other benefits

The Company raised provisions for remuneration including annual and quarterly bonuses for employees and others employed under civil law contracts for management, to which rights were obtained as at March 31, 2013. Bonus entitlements result from remuneration regulations and contracts of employment.

16.4 Provision for energy origin units held for redemption

The Company creates provision for the amount of certificates of energy origin related to sales in the current or previous periods, in amount of certificates not redeemed till the balance sheet date. In accordance with applicable regulations it is necessary to create a provision, which results from the obligation to redeem the certificates of energy origin and specific replacement fee for them.

16.5 Other provisions

Provisions for unused holiday

The provision for unused holiday is raised in the amount of the future remuneration associated with unused holiday leaves, to which employees has acquired the right in the past year and in previous years.

Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

17. Legal claims and contingent liabilities and receivables

17.1 Contingent liabilities

Contingent liabilities	As at March 31, 2013	As at December 31, 2012
Collaterals for repayment of bank guarantees granted	21,155	22,469
Other contingent liabilities	869	869
Total contingent liabilities	**22,024**	**23,338**

Surety for the obligations of PGE Trading GmbH

PGE Polska Grupa Energetyczna S.A. provided a surety for repayment of bank guarantees for the obligations of PGE Trading GmbH to foreign third parties. The liability of the Company as at March 31, 2013 is limited to a total amount of PLN 21,155 thousand. The guarantees expire in the period 2013-2015.

17.2 Legal and court issues

Dispute between PGE S.A. and ATEL (currently Alpiq Holding AG)

Since 2009 PGE Polska Grupa Energetyczna S.A. was a party to arbitration proceedings with the company Alpiq. The proceeding was held before the Arbitration Tribunal in Vienna. The subject of the arbitration proceeding was the claim of Alpiq, raised against PGE, resulting from the default on a electricity supply agreement signed on 28 October 1997. Claims submitted by Alpiq and changed on October 4, 2010 amounted to approximately EUR 155 million. The arbitration proceeding was held in written form and was based on the exchange of pleadings between the parties and presentation to the Tribunal of evidence by witnesses, experts and statements by the parties.

On September 12, 2012, the Arbitration Tribunal issued a final judgment in this case and obliged PGE to pay to Alpiq EUR 43,204 thousand plus interest due.

PGE S.A. and Alpiq reached agreement on execution of the above judgment. According to the agreement, PGE S.A. will pay the above amount plus interest until the verdict date, reduced by the proceeding cost judged from Alpiq for PGE S.A., in two installments. First part in amount of EUR 22,898 thousand was paid on April 15, 2013 and the remaining amount is to be paid by the end of 2013.

17.3 Other contingent liabilities

Promise referring to ensure financing of new investments in Group companies

Due to planned strategic investments in PGE Group companies, the Company committed in the form of promise to group companies, to ensure financing of planned investments. The promises relate to specific investments and may be used only for such purposes. As at March 31, 2013 the estimated value of the promise amounts to PLN 15.2 billion.

Employee claims

There are claims against the Company filed by former employees, who demand re-employment or compensation. In principle, the compensation amounts up to the value of a year remuneration. Taking into consideration the nature of disputes, it is considered that the amount of claims is immaterial for the Company.

Issue of contingent liability connected with purchase of wind farms is presented in Note 20.3 of these financial statements.

Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

17.4 Contingent receivables and other contingent assets

As at March 31, 2013 the Company did not report any material contingent receivables.

Excise tax reimbursement

During 2009, the Company filed a motion related to an excess payment of excise tax on imports and Intra-Community purchase of electric energy during the period from January 2006 to February 2009. The Company argues that the excess payment results from discrepancies between the Polish and Community law. As at the preparation date of these financial statements this issue has not been finally resolved. The total claim amounts to PLN 54 million plus interest.

18. Financial liabilities

Financial liabilities at amortized cost (as at March 31, 2013)	Long-term	Short-term	Total
Trade liabilities	-	377,563	377,563
Other financial liabilities	-	4,489	4,489
Total	**-**	**382,052**	**382,052**

Trade liabilities relate mainly to transactions on the electricity market and purchase of hard caol.

19. Information on related parties

Transactions with related entities are concluded using current market prices for provided goods, products and services or are based on the cost of manufacturing.

19.1 Subsidiaries in the PGE Capital Group

	Sales to subsidiaries	Purchases from subsidiaries	Trade receivables from subsidiaries	Trade liabilities towards subsidiaries
Jan 1 - Mar 31 2013	2,757,840	378,760	538,532	58,004
Jan 1 - Mar 31 2012	2,535,308	484,390	473,999	139,082

Sales to subsidiaries in the PGE Capital Group relates mainly to coal and electricity. Purchases from subsidiaries in the PGE Capital Group relates mainly to electricity.

Moreover, as at March 31, 2013 the Company held bonds issued by subsidiaries, disclosed as loans and receivables of a carrying value of PLN 4,447,888 thousand.

Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

19.2 Transactions with State Treasury entities

The State Treasury is the dominant shareholder of PGE Polska Grupa Energetyczna S.A. and as a result in accordance with IAS 24 *Related Party Disclosures*, State Treasury companies are recognized as related entities. The Company identifies in detail transactions with almost 40 of the biggest State Treasury related companies. The total value of transactions with such entities is presented in the table below.

	Sale to State Treasury entities	Purchases from State Treasury entities	Trade receivables from State Treasury entities	Trade liabilities towards State Treasury entities
Jan 1 - Mar 31 2013	511,526	414,130	201,893	161,090
Jan 1 - Mar 31 2012	45,636	544,513	9,793	193,414

The most important transactions with State Treasury entities refer to transactions on the electricity market with energy companies controlled by the State Treasury, PSE S.A. and purchase of coal from Polish mines. Furthermore, the Company made significant transactions on the energy market through the Towarowa Giełda Energii S.A. Due to the fact that this entity only deals with the organization of trading, purchases and sales through it are not treated as transactions with related parties.

19.3 Key management personnel remuneration

The key management comprises of the Management Board and Supervisory Board of PGE Polska Grupa Energetyczna S.A.

	3-month period ended March 31, 2013	3-month period ended March 31, 2012
Remuneration to Management Board and Supervisory Board Members	2,482	1,072
Post-employment benefits	446	285
Total remuneration paid to key management	**2,928**	**1,357**

	3-month period ended March 31, 2013	3-month period ended March 31, 2012
Management Board	2,856	1,264
Supervisory Board	72	93
Total	**2,928**	**1,357**

The above data present remuneration costs paid to key management recognized in the reporting period. For the period ended March 31, 2013 remuneration costs include also an appropriate part of provisions for bonuses, to which the management members are entitled on the basis of the contracts signed. The final amount of bonuses and premiums will depend, among others, on the results generated by the Company and PGE Capital Group.

Increase in remuneration paid to key management during period ended March 31, 2013 as compared to the period ended March 31, 2012 is a result of incomplete composition of the Management Board in the first quarter of 2012.

Members of the Management Board are employed on the basis of civil law contracts for management (Management contracts). The mentioned remuneration is included in other costs by type in the statement of comprehensive income.

20. Significant events during the reporting period and subsequent events

20.1 Agreement on the exploration for and extraction of shale gas

On July 4, 2012 PGE S.A. signed a framework agreement on the exploration for and extraction of shale gas (“Agreement”). The parties to the Agreement are PGE Polska Grupa Energetyczna S.A., Polskie Górnictwo Naftowe i Gazownictwo S.A. ("PGNiG"), ENEA S.A., KGHM Polska Miedź S.A. and TAURON Polska Energia S.A.

The subject-matter of the Agreement is exploration, evaluation and extraction of shale gas in geological formations for which concessions have been granted for the exploration and evaluation of deposits of crude oil and natural gas in relation to the Wejherowo concession held by PGNiG (the "Wejherowo Concession"). With respect to the Wejherowo Concession, there is a close cooperation involving an area of approximately 160 km2 (“Co-operation area”). The Agreement also provides for preferential treatment of the parties with regard to the possibility of cooperation in relation to the remaining area of the Wejherowo Concession (with the exception of a situation where PGNiG on its own engages in exploration, evaluation or extraction of shale gas and excluding the area in the vicinity of Opalino and Lubocino where PGNiG is already conducting exploratory work).

Estimated expenditures on exploration, evaluation and extraction with respect to the first three zones (the Kochanowo, Częstkowo and Tępcz pads) within the Co-operation area are projected to be in the amount of PLN 1.72 billion. According to the Agreement and annexes, details regarding the terms of cooperation, including a detailed project budget and timeline, the shares of the Parties in financing the expenditures arising from the agreed-on budget, shares in the project's profits and the principles of responsibility, including contractual penalties in the case of the failure, in particular by PGNiG, to fulfil certain obligations resulting from the Agreement, were to be agreed by May 4, 2013. The Agreement assumes that if details regarding the terms of cooperation are not agreed by the parties by May 4, 2013, the Agreement may be terminated by each of the Parties. Until the date of this report none of the parties terminated the framework agreement of July 4, 2012. Currently works are carried out in order to settle further terms of co-operation.

20.2 Signing of a Letter of Intent on joint participation in preparation, construction and exploitation of the first Polish nuclear power plant

On September 5, 2012 PGE S.A. signed a Letter of Intent regarding participation in preparation, construction and exploitation of the nuclear power plant (“Project”). The parties of the Letter of Intent are: PGE Polska Grupa Energetyczna S.A., KGHM Polska Miedź S.A., Tauron Polska Energia S.A. and ENEA S.A. (jointly “Parties”).

On the grounds of the signed Letter of Intent Parties will cooperate in creating a draft sale-purchase agreement regarding shares in special purpose company PGE EJ1 sp. z o.o. ("Special Purpose Company"), which is directly responsible for preparation of the construction investment process and exploitation of the first Polish nuclear power plant. Draft agreement will comprise rights and liabilities of all the Parties while realization of the Project, on the assumption that PGE will take a leading position in the Project, directly or indirectly through its subsidiary. Conditions of the Special Purpose Company shares' acquisition will include financial expenditures related to the hitherto realized Project that were incurred by PGE or its subsidiaries.

On December 28, 2012 the Parties decided to prolong the validation of the Letter of Intent until March 31, 2013.

Currently works are carried out in order to determine details of further co-operation of the Parties of the Letter of Intent regarding participation in preparation, construction and exploitation of the first Polish nuclear power plant.

Interim condensed financial statements in accordance with IFRS for the 3-month period ended March 31, 2013 (in PLN thousand)

20.3 Acquisition of wind farms

On February 19, 2013 PGE Polska Grupa Energetyczna S.A and Energa Hydro Sp. z o.o. (subsidiary of Energa S.A.) signed an agreement with DONG Energy Wind Power A/S, under which the Company will take over from Danish company portfolio of wind farms in Poland. The value of the transaction will amount to approximately PLN 1 billion and is expected to be completed in forthcoming months of 2013. The transaction requires the approval for concentration from the Office of Competition and Consumer Protection.

In addition, on February 26, 2013, PGE Polska Grupa Energetyczna and Energa Hydro Sp. z o.o. signed an agreement with Renovables Energia, S.A.U., under which the Company will take over from the Spanish company, 75% of shares in Iberdrola Renewables Polska Sp. z o.o., which manages a portfolio of wind farms in Poland. PGE S.A. and Energa intend to acquire additional 25% of shares in Iberdrola Renewables Polska Sp. z o.o., owned by European Bank of Reconstruction and Development (EBRD). The value of the transaction involving acquisition of 75% of shares in Iberdrola Renewables Polska Sp. z o.o. will amount to approximately PLN 840 million, what translates into transaction value of PLN 1.1 billion for 100% of shares. It is expected, transaction will be finalized in forthcoming months of 2013. The transaction requires the approval for concentration from Office of Competition and Consumer Protection.

20.4 Decision on intention of merger of PGE S.A. with PGE Energia Jądrowa S.A.

On April 23, 2013 the Management Board of PGE S.A. made a decision on merger of PGE S.A. with its subsidiary PGE Energia Jądrowa S.A. (the "Acquired Company"). The aim of the merger is to simplify the structure of PGE Capital Group, to limit the costs connected with the keeping of the separate entity and to increase the management efficiency of the preparation of the nuclear power plant construction project from the Corporate Centre level.

The projected merger will take place by course of art. 492 § 1 p. 1 in connection with art. 515 § 1 and art. 516 § 5 and 6 of Code of Commercial Companies i.e. through transfer of all assets of the Acquired Company to PGE (merger through takeover) without raising the share capital of PGE S.A. and without the exchange of Acquired Company's shares for PGE S.A. shares.

Warsaw, May 14, 2013

Signatures of Members of the Management Board of PGE Polska Grupa Energetyczna S.A.

Wojciech Ostrowski	*Piotr Szymanek*
Vice-President of the Management Board	*Vice-President of the Management Board*